

**Supplemental Reporting Document
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March 2006 Investment Committee Meeting
(January 2006 Reporting Period)**

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Disclosure of Closed Session Action Items (No items to report)

TARGET PERCENTAGE COMPARISON ASSET ALLOCATION¹

As of January 31, 2006

(A) <u>Asset Class</u>	(B) <u>Market Value</u> (\$ Billion)	(C) <u>Current</u> <u>Allocation</u>	(D) <u>Target</u>	(E) <u>Macro</u> <u>Ranges</u>	(F) <u>Difference</u> <u>(C-D)</u>
Total Cash Equivalents	3.6	1.7 %	0.0 %		1.7 %
Total AIM: Direct/Partnership	10.6	5.1	6.0	3-9 %	-0.9
Total Global Fixed Income	51.9	25.0	26.0	21-31 %	-1.0
Equities					
Domestic ²	83.7	40.4	40.0		0.4
International	<u>48.1</u>	<u>23.2</u>	<u>20.0</u>		<u>3.2</u>
Total Equities	131.8	63.6	60.0	61-71 %	3.6
Total Real Estate	9.3	4.5	8.0	4-12 %	-3.5
Total Equities & Real Estate	<u>141.1</u>	<u>68.1</u>	<u>68.0</u>		0.1
Total Fund	<u><u>207.2</u></u>	<u><u>100.0 %</u></u>	<u><u>100.0 %</u></u>		

¹ As allocated to managers.

² Included is MDP Investment: LM Capital Investment: Total Market Value=**\$180.9M**.

* Figures for this report are rounded for viewing purposes. Calculations are based on actual values.
When summing net amounts on this report, there may be breakage.

TARGET DOLLAR COMPARISON ASSET ALLOCATION

As of January 31, 2006

(A) <u>Asset Class</u>	(B) Current <u>Allocation</u>	(C) <u>Market Value</u> (\$ Billion)	(D) <u>New Policy</u> ¹ (\$ Billion)	(E) Difference <u>(D-C)</u> (\$ Billion)
Total Cash Equivalents	1.7 %	3.6	0.0	-3.6
Total AIM: Direct/Partnership	5.1	10.6	12.4	1.8
Total Global Fixed Income	25.0	51.9	53.9	2.0
Equities				
Domestic ²	40.4	83.7	82.9	-0.8
International	<u>23.2</u>	<u>48.1</u>	<u>41.4</u>	<u>-6.7</u>
Total Equities	63.6	131.8	124.3	-7.5
Total Real Estate	4.5	9.3	16.6	7.3
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Total Equities & Real Estate	68.1	141.1	140.9	-0.2
	<hr/>	<hr/>	<hr/>	
Total Fund	<u>100.0 %</u>	<u>207.2</u>	<u>207.2</u>	

¹ New Policy: Strategic asset allocation targets effective January 1, 2005.

² Included is MDP Investment: LM Capital Investment: Total Market Value=**\$180.9M**.

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MONTHLY PROGRESS REPORT

ASSET ALLOCATION¹

As of January 31, 2006

(A)	(B)	(C)	(D)	(E)
<u>Asset Class</u>	<u>12/31/2005 Market Value (\$ Billion)</u>	<u>1/31/2006 Market Value (\$ Billion)</u>	<u>Difference (C-B) (\$ Billion)</u>	<u>Target (\$ Billion)</u>
Total Cash Equivalents	6.3	3.6	-2.6	0.0
Total AIM: Direct/Partnership	10.1	10.6	0.5	12.4
Total Global Fixed Income	49.2	51.9	2.7	53.9
Equities				
Domestic ²	80.7	83.7	3.0	82.9
International	<u>45.3</u>	<u>48.1</u>	<u>2.8</u>	<u>41.4</u>
Total Equities	126.1	131.8	5.7	124.3
Total Real Estate	9.3	9.3	0.0	16.6
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Total Equities & Real Estate	135.3	141.1	5.8	140.9
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Total Fund	<u><u>200.9</u></u>	<u><u>207.2</u></u>	<u><u>6.3</u></u>	<u><u>207.2</u></u>

¹ Monthly progress report toward new policy targets.

² Included is MDP Investment: LM Capital Investment: Total Market Value=**\$180.9M**.

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BOOK VS MARKET VALUE

As of January 31, 2006

(A) <u>Asset Class</u>	(B) <u>Book</u> <u>Value</u> (\$ Billion)	(C) <u>Market</u> <u>Value</u> (\$ Billion)	(D) <u>Difference</u> <u>(C - B)</u> (\$ Billion)
Total Cash Equivalents	3.6	3.6	0.0
Total AIM: Direct/Partnership	12.1	10.6	-1.5
Total Global Fixed Income	51.6	51.9	0.3
Equities			
Domestic ¹	48.5	83.7	35.2
International	<u>35.9</u>	<u>48.1</u>	<u>12.2</u>
Total Equities	84.4	131.8	47.4
Total Real Estate	8.2	9.3	1.1
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Total Equities & Real Estate	92.6	141.1	48.5
	<hr/>	<hr/>	<hr/>
Total Fund	<u><u>159.9</u></u>	<u><u>207.2</u></u>	<u><u>47.3</u></u>

¹ Included is MDP Investment- LM Capital Investment: Total Book Value=~~\$183.4M~~, Total Market Value=~~\$180.9M~~.

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GROSS PERFORMANCE VS EXPECTED RETURNS

One Year
February 1, 2005 to January 31, 2006

(A)	(B)	(C)	(D)	(E)	(F)
<u>Asset Class</u>	<u>Current Allocation</u>	<u>Asset Return</u>	<u>CalPERS Long-Term Expected Annual Return¹</u>	<u>Expected Standard Deviation</u>	<u>One Standard Deviation Range</u>
Total Cash Equivalents	1.7 %	3.6 %	5.2 %	1.1 %	4.1 - 6.3 %
Total AIM	5.1	29.6	13.5	30.0	-16.5 - 43.5
Total Global Fixed Income	25.0	2.1	6.1	8.0	-1.9 - 14.1
Equities					
Domestic	40.4	12.9	9.6	17.0	-7.4 - 26.6
International	23.2	29.6	9.1	19.5	-10.4 - 28.6
Total Equities	63.6	18.9			
Total Real Estate	4.5	52.4	8.5	14.0	-5.5 - 22.5
Total Fund	100.0	15.9	8.8	12.2	-3.4 - 21.0

¹ Asset Allocation Workshop, October 2004

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When summing net amounts on this report, there may be breakage.

NET PERFORMANCE VS EXPECTED RETURNS

One Year
February 1, 2005 to January 31, 2006

(A)	(B)	(C)	(D)	(E)	(F)
<u>Asset Class</u>	<u>Current Allocation</u>	<u>Asset Return</u>	<u>CalPERS Long-Term Expected Annual Return¹</u>	<u>Expected Standard Deviation</u>	<u>One Standard Deviation Range</u>
Total Cash Equivalents	1.7 %	3.6 %	5.2 %	1.1 %	4.1 - 6.3 %
Total AIM	5.1	29.6	13.5	30.0	-16.5 - 43.5
Total Global Fixed Income	25.0	2.1	6.1	8.0	-1.9 - 14.1
Equities					
Domestic	40.4	12.9	9.6	17.0	-7.4 - 26.6
International	<u>23.2</u>	<u>29.5</u>	9.1	19.5	-10.4 - 28.6
Total Equities	63.6	18.9			
Total Real Estate	4.5	40.8	8.5	14.0	-5.5 - 22.5
Total Fund	<u>100.0</u>	<u>15.4</u>	<u>8.8</u>	<u>12.2</u>	<u>-3.4 - 21.0</u>

¹ Asset Allocation Workshop, October 2004

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When summing net amounts on this report, there may be breakage.

GROSS RETURNS
One Year
February 1, 2005 to January 31, 2006

	(A)	(B)	(C)
<u>Asset Classes</u>	<u>Reported Gross Return</u>	<u>Expenses¹ (Percent)</u>	<u>Net Return (A-B)</u>
Total Cash Equivalents	3.62%	0.00%	3.62%
Total AIM	29.55%	0.00%	29.55%
Total Global Fixed Income	2.13%	0.02%	2.11%
Equities			
Domestic	12.88%	0.03%	12.85%
International	<u>29.56%</u>	<u>0.08%</u>	<u>29.48%</u>
Total Equities	18.91%	0.05%	18.86%
Total Real Estate	52.35%	11.54%	40.81%
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Total Fund	15.94%	0.56%	15.38%

¹ Does not include Real Estate Advisor Fees or External Equity and Fixed Income manager base fees which are already netted out of return. Does include AIM Partnership and Direct Component fees.

CALPERS INVESTMENT IN CALIFORNIA as of January 31, 2006

(A)	(B)	(C)	(D)	(E)	(F)
				CA Investment as % of Asset Class (D/B)	
<u>Asset Class</u>	<u>Portfolio Value (\$ millions)</u>	<u>California (Commitment/ Investments)¹ (\$ millions)</u>	<u>California Investments (\$ millions)</u>	<u>%</u>	<u>Program Description or Assumption</u>
Real Estate - Mortgages					
AFL-CIO (HIT)	98.2	N/A	62.5	64	Union related mortgage fund
CA Community Mortgage Fund	31.2	31.2	31.2	100	Small commercial and multi-family residential mortgages to economically targeted areas
Commercial (Whole Loans/MBS)	594.5	739.2	739.2	N/A	Commercial whole loans, mortgage backed securities and Great Northern program.
Member Home Loan Program	1,454.9	N/A	N/A	N/A	Housing loans for PERS members (includes \$.89 mill of single family MBS)
Ullico	17.	17.0	17.0	100	No new additional commitments will be issued as of 3/27/98. All commitments issued.
Subtotal	2,195.8	787.4	849.9	39 %	
Core Portfolio					
AFL-CIO (BIT)	131.5	N/A	23.1	18	Union related mortgage funds
CORE - Equity	5,325.3	2,381.1	2,381.1	45	CORE Equity programs
PREES- REITS	457.5	218.9	218.9	48	Public companies
Non-Core Portfolio					
Senior Housing	249.8	64.5	64.5	26	\$200m program approved in 6/00 by Investment Committee, approximately 15-20% of which will be CA based. Program to acquire/develop senior housing facilities throughout the United States. Leverage up to 65% loan to portfolio value for company level distributions. 65% top be used on all acquisition/development going forward.
California Urban Real Estate- (CURE)					
Pacific City Homes	101.2	200.0	101.2	100	Approved 6/01, pending final contract execution, CityHome Partners will focus on developing affordable, for sale, single-family residential communities in urban infill locations throughout California.
Bridge	33.6	100.0	33.6	100	Approved 6/00 by Investment Committee, contract finalized 1/01. Program focusing on early phase capital for the development of affordable housing in urban California. Subsequent to 09/30/02, Bridge invested approximately 11.9 million in the CURE program.
Buchanan Urban Investors	182.2	350.0	182.2	100	Buchanan Urban Investors provides financing for multifamily, industrial, retail, office, mixed use, and storage facilities in urban
CalSmart	148.7	410.0	148.7	100	Program for a broad variety of urban infill development/redevelopment throughout California.
Capri Capital Partners	39.5	135.0	39.5	100	Approved in 06/01 by the Investment Committee. Capri's focus is promoting mezzanine debt for multi-family projects. Subsequent to 09/30/02, Capri invested approximately \$3.9 million in the CURE program.
CIM	220.5	405.0	220.5	100	Approved 6/00 by Investment Committee, contract executed 12/01/00. Program for urban development of street retail and mixed use development/redevelopment properties.
CUIP	394.4	750.0	394.4	100	Urban Infill Investments in California urban areas
Institutional Housing Partners IV	3.6	40.0	3.6	100	Approved in 6/01, IHP will focus on equity investments (development and redevelopment properties) for commercial and multi-family residential and mixed-use projects in infill locations throughout California.
Kennedy Office Development	-18.3	150.0	-18.3	100	Approved 6/00 by Investment Committee. Program for development/redevelopment of urban office, office r&d and industrial properties
Klein Financial Corporation JV	1.4	50.0	1.4	100	CURE-Affordable Multifamily Housing/ 60% Leverage
Legacy Partners	11.3	240.0	11.3	100	CURE-Affordable Multifamily Housing/ 60% Leverage
R Street Residential	20.7	N/A	20.7	100	
Housing					
Acquisition & Development	34.8	34.8	34.8	100	California land acquisition & development program
National Housing	1,534.9	447.9	447.9	29	Program updated as of 10/99. Single family housing/land development nationwide with emphasis on California.
Single Family Housing	64.1	64.1	64.1	100	California Single Family Housing program

CALPERS INVESTMENT IN CALIFORNIA as of January 31, 2006

(A)	(B)	(C)	(D)	(E)	(F)
		California		CA Investment	
	Portfolio	(Commitment/	California	as % of	
	Value	Investments) ¹	Investments	Asset Class	
<u>Asset Class</u>	<u>(\$ millions)</u>	<u>(\$ millions)</u>	<u>(\$ millions)</u>	<u>(D/B)</u>	<u>Program Description or Assumption</u>
Natural Resources					
Agricultural	117.3	92.1	69.1	59	Pacific Vineyard Partners will acquire and develop vineyards for high end wineries. The program will sell off the developed land to interested parties upon full maturity of the vineyards, approximately 7 years. Leverage max 35% loan to portfolio value.
Timber	143.	N/A	N/A	N/A	Timber holdings in conjunction with advisory firms throughout the United States. Up to 40% approved at the discretion of SIO. Most likely will use 35% leverage on all acquisition/development. Up to 25% loan to portfolio value for company level debt, policy allows for up to 40%. Most likely will use 20-25% leverage going forward.
Opportunistic					
DIVCO West	18.1	175.0	1.9	N/A	Opportunity Fund FUND focused on buying distressed high-tech Silicon Valley properties for releasing and repositioning.
Other Opportunistic Real Estate	659.7	200.0	96.9	N/A	
International					
International Real Estate	543.7	N/A	N/A	N/A	International real estate.
Subtotal	<u>10,418.6</u>	<u>6,508.4</u>	<u>4,541.1</u>	<u>44</u> %	Real estate commitment values
SW6KRE - CORE MV Adjustment	-524.4				
SW8KRE - SPECIALIZED MV Adjustment	<u>-622.8</u>				
Total Real Estate	11,467.1	7,295.9	5,391.0	47 %	
AIM: Partnership Component	10,593.4	1,800.0	1,600.0	15	Includes commitments through January 31, 2006
Domestic Equity	83,711.7	10,882.5	10,882.5	13	CA investment assumed to be 13% of total portfolio value
International Equity	<u>48,099.7</u>	<u>0.0</u>	<u>0.0</u>	<u>0</u>	
Total Equities	<u>142,404.8</u>	<u>12,682.5</u>	<u>12,482.5</u>	<u>9</u> %	
Total Real Estate & Equities	153,871.9	19,978.4	17,873.5	12 %	Of total portfolio CA investments in real estate & equities: 8.6%
Cash Equivalents	3,633.2	0.0	0.0	0	On deposit at the Treasurer's Office: \$789.01
Domestic Fixed Income					
Corporate Bonds	19,630.6	457.1	457.1	2	Companies headquartered in CA
Mortgage Pass-Throughs/CMOs	14,786.7	2,517.4	2,517.4	17	CA investment assumed to be 10% GNMA; 20% FNMA; 20% FHLMC; 20% CMO.
External Managed	252.1	0.0	0.0	<u>0</u>	
Treasury Bonds	<u>8,821.9</u>	<u>0.0</u>	<u>0.0</u>	<u>0</u>	
Subtotal	43,495.4	2,974.5	2,974.5	7 %	
International Fixed Income	<u>6,161.3</u>	<u>0.0</u>	<u>0.0</u>	<u>0</u>	
Total Global Fixed Income	49,656.7	2,974.5	2,974.5	6 %	
TOTAL	<u>207,161.7</u>	<u>22,952.9</u>	<u>20,848.0</u>	<u>10</u> %	Outstanding commitments (column E/column C): 11.1%

¹ Total actual investments at market value and outstanding program commitments in California

**INVESTMENT OPERATIONS
Status Report**

Program	Status/Comments
Master Custody Services RFP Status	The Master Custody Services RFP was posted on August 15, 2005. The proposal deadline was October 5, 2005. Six proposals were received. Interviews were held the week of November 14 and on-site due diligence visits were conducted the week of December 4. The selection of State Street Bank & Trust as the Master Custodian was announced at the February 14, 2006 Investment Committee meeting.
Diversity Conference	The conference is scheduled for April 24-25, 2006 in San Jose, California.
RFP – Investment Consulting Services – Diversity	The RFP was issued on January 20, 2006. Responses were due on or before February 22; staff received seven responses. Selection of the pool is to be made by April 15, 2006.